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MICHIGAN HOUSE OF REPRESENTATIVES  
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**RICK SHAFFER**  
STATE REPRESENTATIVE

**APPROPRIATIONS**  
SUBCOMMITTEES  
CHAIR, DEPARTMENT OF  
HUMAN SERVICES  
VICE CHAIR, JOINT CAPITAL OUTLAY  
DEPARTMENT OF  
COMMUNITY HEALTH

May 1, 2006

Representative Barb VanderVeen,  
Chair, Senior Health, Security and Retirement Committee  
P.O. Box 30014  
Lansing, MI 48909

Dear Representative VanderVeen and Committee members,

I would like to present the background and rationale for authoring **House Bill 5389** rapidly becoming known as the **Single Point of Entry bill**.

**Legal factors:**

- On June 22, 1999, the U. S. Supreme Court ruled in the case *Olmstead v. L.C. and E.W.* that the "integration mandate" of the Americans with Disabilities Act requires public agencies to provide services "in the most integrated setting appropriate to the needs of qualified individuals with disabilities." The Supreme Court rejected the state of Georgia's appeal to enforce institutionalization of individuals with disabilities, the Supreme Court affirmed the right of individuals with disabilities to live in their community.
- In 2001, Governor John Engler imposed a freeze on the state's Medicaid home and community-based waiver program, MIChoice. In response to a further freeze proposed in the 2002 budget, Mark Cody and Alison Hirschel, from the Michigan Protection and Advocacy Service, filed a class action lawsuit *Eager vs. Engler* challenging Michigan's right to freeze provision of the waiver services, in defiance of the *Olmstead* decision.
- Under the Supreme Court judgment in settlement of the case, and in support of the *Olmstead* decision, Michigan was required to meet certain conditions, including that:
  - the state admit all the plaintiffs to the MI Choice waiver program;
  - allocate a minimum of \$100 million to the program;
  - convert some state only expenditures to Medicaid benefits to allow their use as federal matching funds;

- utilization of identical functional and medical criteria across settings to correct the historical practice that allows admission to a nursing facility with as little as a doctor's signature while requiring a full screening before admission to community based program;
  - ensure all applicants are treated fairly and consistently;
  - use funding to help individuals transition from nursing facilities to community based settings;
  - develop options for expanding community based care and improving long term care services in general.
- Failure to comply with the Supreme Court judgment will result in Michigan Protection and Advocacy resuming litigation against the state. In fact, it is my understanding that MPA was considering redrafting litigation on this issue in the Fall of 2005 when no apparent action was being taken to conform to the previous judgment.

#### **Fiscal implications:**

- The United States General Accounting Office states that there were 76 million baby boomers born between 1946 and 1964 nationwide, as they become elderly, Medicare, Medicaid, and Social Security will nearly double as a share of the economy starting in 2010.
- The USGAO says that without substantive reform, a rapid escalation of nation wide spending for Social Security, Medicare, and Medicaid beginning in less than 10 years from now is virtually certain to overwhelm budgets. Spending on long-term care services, just for the elderly, is projected to increase at least **two-and-a-half times** within 10 years.
- According to the 1999 National Long-Term Care Survey, approximately 7 million elderly had some sort of disability in 1999, including about 1 million needing assistance with at least five activities of daily living. By 2000, nursing home costs dominated Medicaid long-term care expenditures, as they rose to nearly 60 percent of all long-term care spending.
- **Absent Reform**, spending for Medicaid, will put unsustainable pressure on Federal, and by association, on state Budgets.

#### **Remedies:**

- The Michigan Department of Community Health's Request For Proposal document suggests a saving of 1.7% in long term care expenditures resulting from the establishment of an SPE system, and is expected to eventually fund the state-wide

system, therefore become cost neutral. This completely debunks the misinformation being distributed that it will cost the state another \$61 million to pay for the system.

- Over the past 12 years Washington State long term care reforms which encouraged the development of client-preferred home and community based options has resulted in the annual reduction of 401 clients per year and allowed community placements to increase by an annualized caseload of 1,309 clients.
- If Washington had not reformed its LTC system it is projected that the nursing facility caseload today would be over 24,000 instead of less than 13,000.
- Oregon claims that it saved over \$103 million in one year alone by going to a triage system utilizing a MICHOICE type waiver program.
- New York is working on its system which it refers to as a "Point of Entry" (POE) system and issued RFP's in 2004. California has also looked at the Colorado, Oregon and Wisconsin models in their search for a SPE.
- Many programs have been running since the early and mid-1990's and those states all recognize that this is the way to go, and yet Michigan has not moved forward in this direction. There is no good reason why an SPE system should not be just as successful and cost effective in Michigan as it is in over 30 other states, especially with legislative oversight.

#### **Facts about HB 5389:**

- House Bill 5389, single point of entry legislation will provide Michigan consumers and working families with desperately needed "one-stop shopping" for all long term care information, services and payment alternatives.
- HB 5389 **WILL NOT COST THE STATE OF MICHIGAN ANY NEW MONEY** as existing State Care Management spending will be shifted to fund the SPEs.
- HB 5389 **WILL SAVE THE STATE OF MICHIGAN MONEY** since SPEs have proven their ability to put actual controls on Medicaid spending in over 30 other states that already have an SPE system.
- HB 5389 as written is based on comprehensive Michigan and national expertise – including the concrete experiences of success of those 30 other states – for this reason the Michigan Medicaid Long Term Care Task Force (MMLTCTF) voted unanimously for SPEs in their Final Report: (HB 5389 closely mirrors the model act and recommendations included in the final report).

- MMLTCTF members endorsing it were comprised of all profit and non-profit nursing home organizations, home health, and consumer groups. (a list of the members of the Task Force is attached).
- Michigan's SPE Legislation guarantees FULL CHOICE to consumers for where and how they will receive long term care supports and services, whether those be chosen in nursing homes, their own homes, apartments, adult foster care or anywhere else: SPEs will provide completely unbiased information and assessment whenever needed and however much is desired by the individual.
- Legislation is needed NOW – current SPE piloting is only for ironing out and testing models to identify *administrative* policies needed for full statewide implementation – the SPE Law is already proven to be necessary, as already determined by the statewide, bi-partisan stakeholder expertise and investigation of the Medicaid Long Term Care Task Force. HB 5389 does not conflict with nor need it hinder these pilots, but it will provide legislative oversight. The time for further delay is long over -- we need to start saving money and creating real choices YESTERDAY – PASS HB 5389!
- The following groups and organizations support HB 5389:

*AARP Michigan (representing 1.5 million members)*  
*American House Senior Living Residences*  
*Area Agency on Aging Association of Michigan*  
*The Arc Michigan*  
*Cap Area Center for Independent Living*  
*Caring Hearts Home Care*  
*Greater Grace Temple*  
*Michigan Assisted Living Association*  
*Michigan Campaign for Quality Care*  
*Michigan Disability Rights Coalition*  
*Michigan Long Term Care Ombudsman*  
*Michigan Protection and Advocacy Service, Inc.*  
*Michigan Quality Home Care Campaign*  
*National Multiple Sclerosis Society, Michigan Chapter*  
*Paraprofessional Healthcare Institute*  
*Michigan Association for Centers for Independent Living*

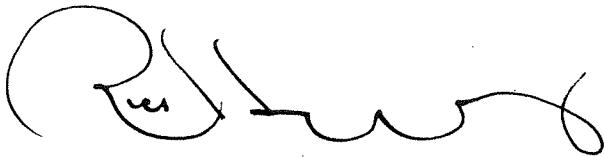
- An SPE is basically a 'triage' system. We have no problem with such a system being used elsewhere in Michigan today; the 'express JET' program in the Welfare Reform package is a triage system; there are counties which operate an SPE, but they call it – "no wrong door"; the proposed 211 service is an SPE; any organization that asks you for information so that they can best assess your needs is operating an SPE/triage system. It

makes sense to have a portal that directs consumers to their most appropriate and most cost effective services.

- The Nursing Home industry was well represented on the Medicaid Long Term Care Task Force for twelve months and those members signed off on the final report, which this legislation closely mirrors. They have also been a part of the request for proposals process for the pilot programs, and were invited to every workgroup held for this bill and in fact changes were made based on their requests and general consensus. Inexplicably, their support for the single point of entry process appears to have waned as the legislation reaches committee stage
- The legislature has focused on the Price of Government, over the past two years, and the Single Point of Entry proposals entirely meet that goal. The quality controls ensure that the SPE must demonstrate that it is effective in order to expand and in order to gain legislative approval for funding.
- Without legislative action being taken now, the policy decisions that the administration and DCS are currently making about single point of entry and long term care supports, will have NO LEGISLATIVE OVERSIGHT!
- The train is running down the track, we either get on board, or watch it travel without us, without having any input into the direction it goes, or where it ends up.

Chair VanderVeen and members of the committee thank you for your time and I strongly request your support for this bill.

Sincerely

A handwritten signature in black ink, appearing to read 'Rick Shaffer', with a large, stylized initial 'R'.

Rick Shaffer

# Michigan Medicaid Long Term Care Task Force

Established by Governor Jennifer Granholm by Executive Order No.1-2004

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